



**DEFENSE LOGISTICS AGENCY**  
THE DEFENSE CONTRACT MANAGEMENT COMMAND  
8725 JOHN J. KINGMAN ROAD, SUITE 2533  
FT. BELVOIR, VIRGINIA 22060-6221

AUG 07 1997

IN REPLY  
REFER TO AQOE

MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT  
DISTRICTS

SUBJECT: DCMC Memorandum No. 97-029 Extension of Class Deviations (INFORMATION)

This is an INFORMATION memorandum effective immediately and ending with the expiration of the deviation period or until these deviations are included in the Federal Acquisition Regulation (FAR), whichever event occurs first. Target audience: Property Administrators and Plant Clearance Officers.

The Director, Defense Procurement has extended two class deviations. The first deviation exempts excess Government-owned special tooling from the limited screening requirements prescribed in FAR 45.608-1(b) and 45.608-4 through July 31, 1998 (Attachment 1). The second deviation reduces property management controls over Government-owned special tooling, special test equipment, and plant equipment with an acquisition cost of \$1,500 through July 14, 1998 (Attachment 2).

Please ensure that all contract property management personnel are informed that these deviations have been extended.

  
JILL E. PETTIBONE  
Executive Director  
Contract Management Policy

Attachments



ACQUISITION AND  
TECHNOLOGY

DP (DAR)

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON DC 20301-3000

July 9, 1997

In reply refer to  
DAR Tracking Number: 97-00003

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES  
DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT,  
ASN(RD&A)/ABM  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING), SAF/AQC  
ASSISTANT DEPUTY ASSISTANT SECRETARY OF THE ARMY  
(PROCUREMENT)/DIRECTOR OF CONTRACTING  
DEPUTY DIRECTOR (ACQUISITION), DEFENSE LOGISTICS AGENCY

SUBJECT: Extension of Class Deviation--Reutilization Screening  
for Department of Defense (DoD) Special Tooling

By memorandum dated July 29, 1996, I authorized all military departments and defense agencies to deviate from the requirements in Federal Acquisition Regulation (FAR) 45.608-1(b) and 45.608-4 for DoD special tooling. I am extending the class deviation for an additional year.

Military departments and defense agencies shall continue to use only the agency screening procedures prescribed in FAR 45.608-3 for DoD special tooling. The limited screening prescribed in FAR 45.608-1(b) and 45.608-4 is not required for DoD special tooling.

FAR 45.608-1(b) and 45.608-4 require a 30-day General Services Administration (GSA) reutilization screening period following a 30-day agency screening period for excess special tooling. The Acting Administrator, GSA, has exempted DoD special tooling from the GSA reutilization screening process; but still requires the 30-day agency screening prescribed in FAR 45.608-3.

This extension of the class deviation is approved through July 31, 1998, or until the FAR is revised, whichever event occurs first.

Eleanor R. Spector  
Director, Defense Procurement

cc: DSMC, Ft. Belvoir





OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON DC 20301-3000

ACQUISITION AND  
TECHNOLOGY

June 20, 1997

DP (DAR)

In reply refer to  
DAR Tracking Number: 97-00002

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES  
DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT,  
ASN(RD&A)/ABM  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING), SAF/AQC  
ASSISTANT DEPUTY ASSISTANT SECRETARY OF THE ARMY  
(PROCUREMENT)/DIRECTOR OF CONTRACTING  
DEPUTY DIRECTOR (ACQUISITION), DEFENSE LOGISTICS AGENCY

SUBJECT: Extension of Class Deviation from Federal Acquisition  
Regulation (FAR) Part 45

By memorandum dated July 14, 1995, I authorized all military departments and defense agencies to deviate from certain requirements in FAR Part 45. I am extending the class deviation for an additional year. The class deviation reduces the current property recordkeeping and periodic physical inventory requirements for low value property (Special Tooling, Special Test Equipment, and Plant Equipment with an acquisition cost of \$1,500 or less), and permits contractors to defer reporting the loss, damage or destruction of low value property until contract termination or completion.

This class deviation is mandatory for all solicitations except solicitations for service contracts to be performed at military installations. For the excepted solicitations, the deviation may be used at the contracting officer's discretion. Contracting officers may modify existing contracts to include those provisions only if adequate consideration is obtained.

The class deviation is effective through July 14, 1998, or until FAR Part 45 is revised to include these provisions, whichever event occurs first. This class deviation does not affect special tooling deviation 96-00009.

Eleanor R. Spector  
Director, Defense Procurement

Attachment

cc: DSMC, Ft. Belvoir



#### 45.101 Definitions

**["Low Value Property," as used in this part, means Government property in the classes special tooling, special test equipment, and plant equipment with an acquisition cost of \$1500 or less. Specifically excluded from this definition are agency-peculiar property, material, real property, and sensitive property.]**

**["sensitive Property," as used in this part, means Government property for which the theft, loss, or misplacement could be potentially dangerous to the public health or safety, or which must be subject to exceptional physical security, protection, control, maintenance or accountability, including but not limited to hazardous property, precious metals, arms, ammunition, and explosives and classified property.]**

#### 45.504 Contractor's liability.

(a) (No change.)

(b) The contractor shall investigate and report to the property administrator all *cases of* loss, damage, or destruction of Government property in its possession or control as soon as the facts become known or when requested by the property administrator. **[Loss, damage, or destruction of Items of low value property shall be reported upon contract termination, completion, or when needed for continued contract performance.]** A report shall also be furnished when completed and accepted products or end items are lost, damaged, or destroyed while in the contractor's possession or control.

(c) (No change.)

#### FAR 45.505 Records and reports of Government Property

(a)-(f) (No change.)

(g) **[With the exception of low value property, t]**he contractors property control system shall contain a system or technique to locate any item of Government property within a reasonable period of time.

#### **45-505-1, Basic Information.**

(a) Unless summary records are used as authorized under paragraph (b) of this section, the contractor's property control records shall provide the following basic information for every item of Government property in the contractor's possession, regardless of value (**[See paragraph (c) below for exceptions, as well as,]** other subsections of **45-505 (which]** require additional information for specific categories **of** Government property):

**(1)-('7)** (No change.)

(b) (No change.)

[(c) The contractor's property control records for each item of low value property in the contractor's possession shall provide the basic information listed in paragraphs (a)(1) through (a)(7) of this section. With respect to the location of each item of low value property, the contractor is not required to update changes in location occurring after the establishment of the official Government property record. This exception does not apply to sensitive property as defined in this part.]

#### 45.508 Physical inventories.

[(a)] The contractor shall periodically physically inventory all Government property (except materials issued from stock for manufacturing, research, design, or other services required by the contract) in its possession or control and shall cause subcontractors to do likewise. **[With the exception of inventories conducted upon termination or completion, as discussed in 45.508-1, this requirement does not apply to items of low value property.]** The contractor, with the approval of the property administrator, shall establish the type, frequency, and procedures. These may include electronic reading, recording and reporting or other means of reporting the existence and location of the property and reconciling the records. Type and frequency of inventory should be based on the contractor's established practices, the type and use of the Government property involved, or the amount of Government property involved and its monetary value, and the reliability of the contractor's property control system. Type and frequency of physical inventories normally will not vary between contracts being performed by the contractor, but may vary with the types of property being controlled. Personnel who perform the physical inventory, shall not be the same individuals who maintain the property records or have custody of the property unless the contractor's operation is too small to do otherwise.

**[(b) If the contractor's property control system is disapproved, the contractor shall perform a physical inventory and report all loss, damage, or destruction of Government I property prior to reapproval of the property control system.]**

#### 52.245-2 Government Property (Fixed-Price Contracts), Alternate I. (.APR 1984) (DEV)

As prescribed in 45.106(b)(2), substitute the following paragraph

(g) for paragraph (g) of the basic clause:

(g) Limited Risk of loss.

(1)-(5) (No chance.)

(6) **[The contractor shall notify the contracting officer upon loss or destruction of, or damage to, Government property provided under this contract, [with the exception of low value property for which loss, damage, or destruction is reported at contract termination, completion, or when needed for continued contract performance. ~~The Contractor shall so notify the~~**

~~Contracting officer and shall communicate with the loss and salvage organization, if any, designated by the Contracting Officer. With the assistance of any such organization, T]he Contractor shall take all reasonable action to protect the Government property from further damage, separate the damaged and undamaged Government property, put all the affected Government property in the best possible order, and furnish to the Contracting Officer a statement of.....~~

( 7)-(10) (No change.)

52.245-2 Government Property (Fixed-Price Contracts), Alternate II. (JUL 1985) (DEV)

As prescribed in 45.106(b)(3), substitute the following paragraphs (c) and (g) for paragraphs (c) and (g) of the basic clause:

(c) (No change.)

(g) Limited Risk of *loss*.

(l)-(S) (No change.)

(6) **[The contractor shall notify the contracting officer u]pon loss or destruction of, or damage to, Government property provided under this contract, [with the exception of low value property for which loss, damage, or destruction is reported at contract termination, completion, or when needed for continued contract performance. The Contractor shall so notify them Contracting Officer and shall communicate with the loss and salvage organization, if any, designated by the Contracting Officer. With assistance of any such organization, T]he Contractor shall take all reasonable action to protect the Government property from further damage, separate the damaged and undamaged Government property, put all the affected Government property in the best possible order, and furnish to the Contracting Officer a statement of --.....**

(7)-(10) (No change.)

52.245-5 Government Property (Cost-Reimbursement, Time-and-Material, or Labor-Hour Contracts) (JAN 1986) (DEV)

As prescribed in **45.106(f)(1)**, insert the following clause:

GOVERNMENT PROPERTY (COST-REIMBURSEMENT, TIME-AND-MATERIAL, OR  
LABOR-HOUR CONTRACTS) (JAN 1986) (DEV)

(a)-(f) (No change.)

(g) Limited Risk of loss.

(l)-(4) (No change.)

(5) **[The contractor shall notify the contracting officer u]pon loss or destruction of, or damage to, Government property provided under this contract, [with the exception of low**

value property for which loss, damage, or destruction is reported at contract termination, completion, when needed for continued contract performance. ~~The Contractor shall so notify the Contracting Officer and shall communicate with the loss and salvage organization, if any, designated by the Contracting Officer. With the assistance of any such organization,~~ The Contractor shall take all reasonable action to protect the Government property from further damage, separate the damaged and undamaged Government property, put all the affected Government property in the best possible order, and furnish to the Contracting Officer a statement of--.....

(6) - (9) (No change.)

(h) - (1) (No change)

(End of Clause)

52.245-8 Liability for the Facilities. (JAN 1997) (DEV)

As prescribed in 45.302-6(b), insert the following clause in solicitations and contracts when a consolidated facilities contract, a facilities acquisition contract, or a facilities use contract is contemplated.

#### LIABILITY FOR THE FACILITIES (JAN 1997) (DEV)

(A) - (F) (No change)

(g) When there is any loss or destruction of, or damage to, the facilities [**with the exception of low value property for which the loss, damage, or destruction is required to be reported at contract termination, completion, or when needed for continued contract performance,**]-

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(h) - (k) (No change.)

(End of Clause)